

HoMedics, Inc.  
3000 Pontiac Trail  
Commerce Township, MI 48390

July 18, 2006

Attn: MTB  
The Honorable Charles E. Grassley  
Chairman, Senate Finance Committee  
219 Dirksen Senate Office Building,  
Washington, DC, 20510

Re: S. 107—Reliquidation of Certain Entries of SoundSpa Clock Radios

Dear Mr. Chairman:

HoMedics Inc. (“HoMedics”), a privately held company headquartered in Commerce Township, Michigan, appreciates this opportunity to comment on S. 107, a bill to provide for the reliquidation of certain entries of Soundspa clock radios. Founded in 1987, HoMedics established a reputation as the leading manufacturer of back and body massagers. The company expanded its personal healthcare and wellness line of products to include hot/cold compression wraps, footbaths, dental products, sensory relaxation systems, magnetic therapy products, and a wide range of personal care products. Today, HoMedics manufactures and markets the most complete line of home personal healthcare, wellness, and relaxation products sold in America.

HoMedics strongly supports S. 107, which would provide necessary relief by directing Customs to refund erroneously collected duties on the SoundSpa clock radios imported by HoMedics.

HoMedics, Inc. (“Homedics”) imports model # SS-400, the SoundSpa Deluxe Acoustic Relaxation Machine with LCD Alarm Clock and AM/FM radio (“SS-400” or “SoundSpa”). The SS-400 contains an LCD clock display and clock timer. Besides the AM/FM radio function, the SS-400 plays a variety of natural sounds: woodlands, spring rain, mountain stream, ocean waves, and summer night.

A Customs New York ruling, NY C87866, dated June 11, 1998, classified the SS-400 under 8527.19.5015, HTSUS, which provides for other radios incorporating a clock or clock timer, with a rate of duty of 3.6 percent ad valorem.

Two years later, Customs Headquarters overturned the New York ruling in HQ 962340, dated July 6, 2000. The Headquarters ruling, which was issued to one of Homedics’ customers, described the SoundSpa as a clock radio combined with an electronic sound microchip within the same housing. Headquarters noted that the natural sounds are reproduced from the microchip and that the intent of the drafters of the International Harmonized System was to take no notice of the sound microchips in classifying goods that contain them. By applying Note 3 to Section

XVI, Customs found that the SoundSpa is a composite machine whose principal function is provided by the clock radio and that the SS-400 is classified according to the radio component under subheading 8527.19.10 (EN), HTSUS, as a duty free reception apparatus. This subheading provides for other reception apparatus for radiotelephony combined with sound recording or reproducing apparatus, valued not over \$40, incorporating a clock or clock-timer, not in combination with any other article, and not for installation in a motor vehicle.

Homedics agrees with Customs Headquarters' final determination that the SS-400 is properly classified under 8527.19.10, HTSUS and is duty free. However, for several months, the product was misclassified as directed by the New York ruling. The misclassification and associated overpayment of duties was caused by the New York ruling, which Customs Headquarters later declared to be erroneous and overturned. Even though the New York ruling was erroneous, Homedics was required by the Customs regulations to follow it and deposit duties.

S. 107 would provide HoMedics the relief it deserves by refunding the erroneously collected duties. The estimated duty refund amount is \$108,931, plus interest. This amount is well below the \$500,000 per year threshold allowed for inclusion in a miscellaneous trade bill. Customs erred and HoMedics has no administrative remedy. S. 107 is non-controversial in that it is fully consistent with HQ 962340, dated July 6, 2000.

Thank you for your consideration of this request. Please feel free to call me if you have any further questions.

Sincerely,



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